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RALEIGH EXPORT ASSISTANCE CENTER TRADE BULLETIN

MEXICO MOTOR VEHICLE PRODUCTION AND SALES

(From the November 2002 Issue of "The Americas Update")

Motor vehicle production and sales in Mexico continue to increase at a robust pace. Vehicle sales to the public during the first half of 2002 increased 11.5% compared to the same time period a year earlier. A total of 478,403 automobiles as well as light and heavy trucks were sold during the first six months of 2002. These bright spots in the Mexican economy present excellent opportunities for U.S. suppliers of all types of automobile parts and automotive aftermarket accessories. Sales increases by market segment in the first half of 2002 when compared to the first six months of 2001 were as follows: Automobiles: 2.5%, Light Trucks: 8.7%, Heavy Trucks: 29.2%. The healthy increase in the sales of vehicles in Mexico is largely due to new, attractive, low-rate financing options offered by manufacturers and to prices that have been driven generally lower due to increased competition from manufacturers that have only recently entered the market, such as Honda and Toyota.

EXPORTING TO MEXICO MAY REQUIRE AN "APOSTILLE"

(From the January 2003 Issue of "International Business News"-Little Rock)

An "Apostille" is often required by Mexican authorities for financial institutions as the means of verifying authenticity of international documents. An Apostille is a certificate issued by a state government, generally by the Secretary of State, to authenticate documents that have been signed by a government official or Notary Public of the same state. Examples of U.S. certificates that might require an Apostille for acceptance in Mexico are court-issued documents, death certificates, birth certificates, marriage licenses, and patent and trademark documents. Documents

that are not issued directly by a state or county may require notarization before applying for an Apostille. Such documents might include business contracts or agreements and powers of attorney.

For more information visit www.state.gov/m/a/auth/.

HOW NAFTA CAN WORK FOR YOU

(From February, 2003 Issue of "International Business News"-Little Rock)

The North American Free Trade Agreement (NAFTA) provides important benefits for U.S. goods that are exported to our NAFTA partners, Canada and Mexico. If your product has sufficient North American content to qualify for NAFTA preference, your exports could be subject to a lower duty rate than non-NAFTA goods. A lower rate makes your product available at a lower price than your competitors' non-NAFTA goods, without sacrificing your profit margin.

Goods with sufficient North American content to qualify for NAFTA preferential duty rates are said to "originate" in NAFTA countries. Even if a product is produced or purchased in a NAFTA country, it might not be eligible for preferential tariff treatment because of non-NAFTA inputs in its production. Exporters must therefore analyze the composition of their products. Substantial transformation of non-NAFTA inputs usually must take place to qualify an end product under NAFTA.

If your product contains absolutely no non-NAFTA raw materials, inputs, parts, ingredients, or components, it would be considered NAFTA-originating. You may proceed directly to filling out the NAFTA Certificate of Origin, which is the customs document that claims the tariff preference.

For goods containing non-NAFTA inputs or components, exporters must analyze the product-specific Rules of Origin, in Annex 401, Chapter 4

of the NAFTA. Note that your product also meets the NAFTA test if it is made entirely with components or inputs that have already been determined to qualify as NAFTA-originating in accordance with the Rules of Origin. You must always have adequate records relating to your product's inputs, materials, and production to claim NAFTA tariff preference.

QUEBEC SELECTS FOUR INDUSTRIES FOR REGIONAL ECONOMIC DEVELOPMENT

(Excerpted from International Market Insight (IMI) ID: 112399 by: Susan Keough-Fisher and Gina Barile)

The Quebec government has designated the basic materials, tourism, energy and transportation industries for economic development in seven regions in the province. This new US \$380 million investment promotion, titled the "ACCORD" program, could provide significant opportunities between U.S. companies and local firms.

At a recent meeting in Quebec City leaders of seven of Quebec's Province's fourteen regions agreed to promote a number of targeted industry sectors as part of regional development. These sectors are primarily in basic materials, tourism, energy and transportation industries. The regional promotions will be part of a program of the Quebec government's industrial financing arm, the Societe generale de financement (SGF), to commit more than US\$380 million over the next five years for these regions. U.S. exporters of products and services should watch the implementation of this program for its potential for export and investment opportunities in partnership with Canadian firms. Commercial Service Canada also welcomes further inquiries from U.S. firms concerning this program.

The seven regions in Quebec agreed to cluster their efforts on industry sectors based on the characteristics of each region and the nature of its industrial base. The clusters of specialization for each of the seven regions are:

Gaspe: recreotursim (focus on health spas/nature), marine biotechnology and wind power products

North Shore: mine and metallurgic engineering, softwood forestry and phyto genetics

Lower Saint Lawrence: peat development, metallic products

Saguenay-Lac-Saint-Jean: aluminum, lumber transformation, adventure tourism equipment

Mauricie: value added paper, transformation of light metals, hydrogen and electrotechnology

Laurentians: tourism, deciduous forestry, advanced transportation equipment

Abitibi-Temiscamingue: mine technology, engineered wood, beef production, ground water
U.S. companies have expertise in all of these sectors.

Implications for U.S. Companies-

The economic development activities in the above seven regions of Quebec in their respective clusters of specialization could provide significant opportunities for partnership between U.S. companies and local firms. U.S. exporters of products and services in the targeted sectors should watch the implementation of the "ACCORD" program for its potential for export and investment opportunities in partnership with Canadian firms.

FTAA-CHILE UPDATE

(From the January 2003 Issue of "International Business News")

On December 11, the United States and Chile reached agreement on a historic and comprehensive Free Trade Agreement (FTA) designed to strip away barriers and facilitate trade and investment between both countries. The Agreement will be submitted to Congress for approval next year. The Agreement is designed to cut tariffs and open markets for American workers, farmers, investors and consumers. It also reduces barriers for services, protects leading-edge intellectual property, keeps pace with new technologies, ensures regulatory transparency and provides effective labor and environmental enforcement. More information can be found at the FTAA official website at www.alca-ftaa.org or at the Office of the U.S. Trade Representatives website at www.ustr.gov.

PANAMA FURNITURE MARKET UPDATE

The high-end furniture sector has developed into a promising and sophisticated market since the early 1990's. It is becoming more competitive, with the presence of exclusive furniture brand names from the United States and Europe and it is expected to increase at a moderate rate of eight percent during the next three years. The total size is estimated at US\$8 million in 2002. The United

States is the main competitor in the market with a 50% share, followed by Spain, France, Italy, Korea, and Malaysia.

U.S. furniture is in high demand in this region, due to its design, durability and quality, even though it is considered a bit more expensive compared to Asian or European furniture. Imports from the U.S. remain strong, especially for living, bedroom, dining-room sets as well as decorative pieces. Panama has the highest per capita income (around \$3,600), the U.S. dollar is the legal currency, a large number of Panamanians travel frequently to the United States, and many business executives have been educated in the United States.

Additionally, rapid urban development, the lowering of import duties, and aggressive marketing practices by major retailers has created a dynamic and competitive market for U.S. exporters.

The medium and high-income sectors of the population generate demand for high-end furniture. The greatest demand is generated in Panama City, the capital of the country. Panama has a total population of 2.9 million and Panama City accounts for 35% of this total.

Panamanian families tend to change basic furniture every five to six years, and seek durability, standard design, comfort and fashionable colors. Best selling items include living room and bedroom furniture, followed by dining room and decorative furniture.

SABIT GRANTS PROGRAM

(From the January 2003 Issue of "International Business News"-Little Rock)

The Special American Business Internship Training Program (SABIT) offers competitive grants to cover a share of the costs of hosting mid-to-senior level Eurasian managers of scientists for three to six months of hands-on professional training in U.S. business practices. Detailed information about how to apply, application criteria and other specifics are available at www.mac-doc.gov/sabit.

FREE CURRENCY MARKET IN EGYPT

(From the February 2003 Issue of "International Business News"-Little Rock)

by: Nagat Gilada – American Embassy Cairo
01/29/2003

On January 28, 2003 Egypt reversed a long-standing policy of fixed exchange rates and announced that its currency would float.

On January 28, 2003 Prime Minister Atef Ebeid announced at a conference, which was arranged by the Economist, that Egypt would implement a free currency market starting January 29, 2003. The foreign exchange rate will be determined by the free market allowing commercial banks to determine the rate based on market forces.

This is the first time ever that Egypt has departed from its traditional policy of controlling the foreign exchange rate through the Central Bank of Egypt (CBE). This rigidity had long been justified as necessary to protect the national currency. Nevertheless, Egypt has been constantly urged by the International Financial Institutions and donor countries to free its current market. Many Egyptians had become convinced that more flexible rates were needed to spur the economy (especially since exchange rate rigidity was seen as a major impediment to business activity).

The CBE had allowed occasional limited currency devaluation. These would be relatively small changes at infrequent intervals. The last official devaluation was in January 2002, which set the pound at 4.51 to the U.S. Dollar and allowed banks and exchange bureaus to trade within three percent of the par rate. During the last month the dollar has been trading on "the parallel market" at about 5.36 pounds – but in the last year it has gone up to over 6 pounds. Foreign exchange has been virtually unavailable at the official rate. Even banks have been trading at unofficial rates behind closed doors - although the dollar markup has sometimes been "hidden" by high commissions or requirements to also borrow money at high rates of interest.

The lack of foreign exchange has been a major problem for businesses with both Egyptian and foreign companies complaining (foreign exchange and problems with Customs have been the most frequently named complaints). Experts have also welcomed the new mechanism and investors praised the new exchange rate system saying that it would enhance confidence in the Egyptian economy and make Egyptian exports more competitive (and possibly give a boost to the stagnant stock market).

RURAL EXPORT INITIATIVE

Through the Rural Export Initiative (REI), the Commercial Service provides companies in rural areas with better access to export assistance and global market research, by facilitating their access to international trade services and increasing the number of companies in rural areas engaged in exporting. We empower companies and communities to revolutionize the way global business is done.

The REI team continues to meet the needs of companies in rural areas through seminars, counseling and on-site visits. The team has sponsored hundreds of seminars, conferences and trade events across the country and will continue sponsoring these types of events. The Commercial Service currently has Export Assistance Centers in 18 Rural Areas.

Trade education is a high priority in the Rural Export Initiative. The Rural Export Initiative enables the Commercial Service to provide resources to companies in rural areas and partners interested in exporting. Some of these resources include the publication, A Basic Guide to Exporting and subscriptions of the National Trade Data Bank.

The Commercial Service also develops video programs delivering them over the Internet, i.e., "webcast". These webcasts focus on current, timely issues for companies in rural areas, including information on important international markets and industries. Current webcasts can be found on the [USATrade.gov Webcast Page](#).

The Commercial Service has equipped the domestic and international network with video conferencing capabilities that facilitate export transactions, market research, distributor training, and virtual meetings by eliminating the need to initially travel overseas.

The REI works with Native American communities to introduce these communities to the benefits of international trade. Seminars and trade events highlighting Native American Arts and Crafts have successfully provided opportunities to display Native American jewelry, crafts, and artwork. Through International Trade Shows and the Native American Export Incubator Programs in South Dakota, Washington State, Arizona and New Mexico, goals of the Native program are being met to find markets for Native American

products and provide training in international business procedures and marketing.

Through the Rural Export Initiative the Commercial Service introduces companies in rural areas to trade events that provide an opportunity to meet with international buyers, distributors and representatives.

The Raleigh Export Assistance Center has recently hired Trade Specialist Lisa Sands to focus on the Rural Export Initiative. For more information, contact Lisa Sands at 919-715-7373 ext. 613 or email Lisa.Sands@mail.doc.gov.

UPCOMING TRADE EVENTS

March 17-21- Automotive Parts and Services Trade Mission to Hungary and Poland, optional spin-off to Slovakia.

March 17-23- Healthcare Technologies Trade Mission to Stockholm, Sweden and Copenhagen, Denmark, optional spin-off to Oslo, Norway.

March 23-April 3- Medical Device Trade Mission to Vietnam, Thailand, Malaysia and Singapore.

March 30-April 6- Textile and Apparel Fabric Trade Mission to Guadalajara, Mexico; San Pedro Sula, Honduras; and Guatemala City, Guatemala.

June 1-7- Automotive Parts and Service Equipment Trade Mission to Costa Rica, Guatemala and Panama.

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USEFUL WEBSITE LINKS:

www.buyusa.com
www.export.gov